

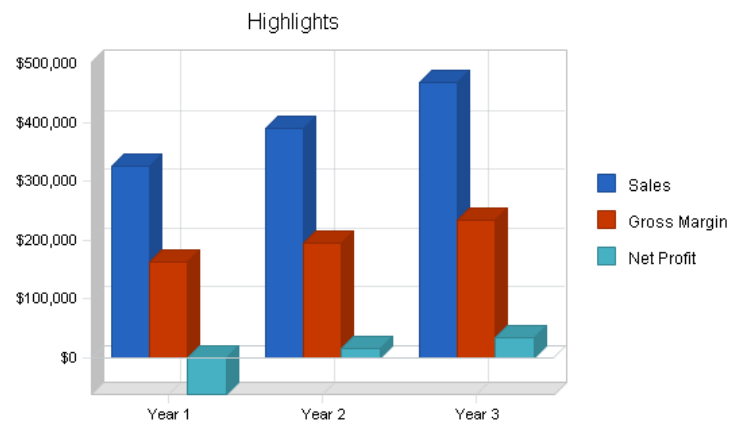
# Dollar Store, Retail Discount Store Business Plan

## Executive Summary

The Dollar Store is a start-up retail store in Bend, Oregon that provides interesting merchandise options at bargain prices. Financing will come from the private investments of owners Ted Brinkman and Jim Spencer. They will donate equity that will be cleared at the end of 36 months. Dividends will be paid quarterly on the outstanding equity.

The Dollar Store will be incorporated as an LLC corporation. This will shield the owners from issues of personal liability and double taxation. The investors will be treated as shareholders and therefore will not be liable for more than their personal investments. The majority owner Ted Brinkman, will contribute from his personal savings toward this business venture. With an aggressive marketing plan The Dollar Store expects to experience steady growth as it becomes more familiar to the general public.

With the financing in place The Dollar Store will be able to successfully open and maintain operations through year one. The large capital investments of the owners will provide the public with a unique and innovative store that will cater to the needs of those on fixed incomes such as low income families, the elderly, and the large student population in the Bend area. The successful operation of the Dollar Store will provide a customer base that will allow it to be self-sufficient



## 1.1 Objectives

1. To provide a wide range of merchandise at reasonable prices.
2. To achieve a healthy profit margin within the first year.
3. To achieve a modest net profit by year two.
4. To be an active and vocal member of the community, and provide continual re-investment through participation in community activities and financial contributions.

## 1.2 Mission

The Dollar Store provides a variety of interesting merchandise options at bargain prices. Dedicated to customer service the Dollar Store will give its patrons the kind of service that is respectful and prompt. Employees of the Dollar Store will also be treated in a professional manner with a rewarding work

environment and fair compensation. The Dollar Store wants each customer to feel as though he/she has gotten Fifth Avenue treatment at a bargain price.

### **1.3 Keys to Success**

To succeed in this business we must:

- Sell a broad range of products.
- Provide for the satisfaction of 100% of our customers.
- Be an active member of the community.
- Encourage customer input.

## Company Summary

The Dollar Store sells products and provides excellent customer service for the general public. We have leased a retail store which we use to market and merchandise our products. It is located one mile from Main St. on River Way in Bend, Oregon. The company was incorporated on January 2.

### 2.1 Company Ownership

The Dollar Store is a privately held corporation. It will be registered as a Subchapter S, with ownership Ted Brinkman (60%), Jim Spencer (40%).

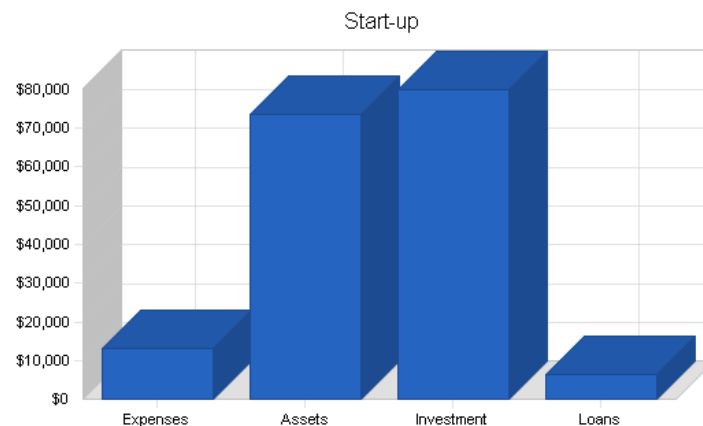
### 2.2 Start-up Summary

The building will be leased with a down payment of \$3,000 on a four year lease.

Start-up costs will be financed through a combination of owner investment and short-term borrowing. The start-up chart shows the distribution of financing.

Other miscellaneous expenses include:

- Marketing/advertising consultancy fees for assistance in designing our grand-opening ads and brochures.
- Legal fees for corporate organization filings.
- Retail merchandising/designing fees for store layout and minor renovations.



## Products

The Dollar Store sells a variety of quality discount merchandise. The types of merchandise we will carry will include items such as dishware, household goods, toys, cosmetics, candy, greeting cards, and a list of items too exhaustive to list here. A dedicated staff is committed to providing excellent customer service.

The merchandise is purchased from a variety of well-known manufacturers such as Procter & Gamble, General Mills, American Greetings as well as a number of other generic branded companies. Shipments arrive on a daily basis. We will continue to find new product lines that can be added to our inventory.

We are able to sell products at very low prices, because we will purchase items from discontinued lines, seconds, over runs, etc., that cannot be sold to a manufacturer's usual retail customers.

Market Analysis Summary

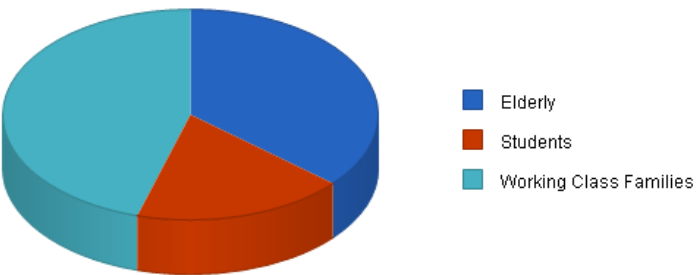
We expect sales to increase steadily as consumers find that they can purchase a variety of quality items at bargain prices. We intend to tap into the retail market with pricing that will encourage quantity buying, and our pricing will attract consumers on fixed budgets.

Our target market is the lower income portion of the Bend and Redmond community. This includes working class individuals, the elderly, and students, many of whom are price conscious and looking to find a value for their dollar.

4.1 Market Segmentation

The market analysis pie chart shows potential customers and the company's target markets. The Dollar Store intends to provide affordable shopping alternatives to working class families with incomes under \$25,000, for elderly people on fixed incomes, and also a large student population that tend to be on strict budgets. Bend makes up the largest market segment. We expect this market to grow at a rate of 10% per year. This market constitutes the general public who are looking for affordable merchandise at bargain prices. Redmond constitutes the second largest market with a fast growing retirement community. There are also many bedroom communities that shop in the Bend area that will add to the percentage of consumers.

Market Analysis (Pie)



MARKET ANALYSIS							
		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	
Potential Customers	Growth						CAGR
Elderly	10%	40,000	44,000	48,400	53,240	58,564	10.00%
Students	10%	20,000	22,000	24,200	26,620	29,282	10.00%
Working Class Families	10%	50,000	55,000	60,500	66,550	73,205	10.00%
Total	10.00%	110,000	121,000	133,100	146,410	161,051	10.00%

## **4.2 Target Market Segment Strategy**

We focus on the price conscious consumer who is looking for value as well as quality. Both the Bend and the Redmond groups will be marketed to as they are isolated populations which do most of their shopping in the greater Bend area. If we can attract and keep these consumers the word will continue to spread about what our store has to offer.

## **4.3 Industry Analysis**

In an ever changing economy the discount store model is becoming more popular with the consumer. Providing a large selection of bargain-priced items is our intended goal.

### **4.3.1 Competition and Buying Patterns**

Consumers demand quality customer service, fair pricing, and a convenient location.

Competition is very tough with customer service and location key components. The selection of merchandise a store provides is also very important.

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## **Strategy and Implementation Summary**

The Dollar Store uses a strategy of total market service. Our promise is in our location and the products we sell, the people we attract, and the atmosphere we create.

We will present a store that is pleasant to shop in with a large variety of merchandise to choose from.

Ultimately, we are selling more than just merchandise. We are selling ourselves. We want to provide the kind of customer service that will provide an atmosphere that creates a positive shopping experience for our customers.

### **Strategic Assumptions:**

- Every person with income limitations or on fixed incomes is a potential customer.
- Marketing to these segments of the population will lead to an expansion in overall market growth.

### **5.1 Competitive Edge**

Our location is a very important competitive edge. We are located in the popular Riverway Mall which has a high appeal to many different kinds of consumers. There is a good mix of high and low end shops with several quality restaurants near by. With easy access from Main St. the Riverway Mall is a popular destination not only for Bend residents, but for people commuting from Redmond and the outlying areas.

Another competitive edge we will have over our competition is the large variety of merchandise we will carry. With the sources we are working with it will be possible to carry many name brand items at a discount price. Add a staff committed to providing great customer service and the Dollar Store will be an attractive stop for the consumer.

### **5.2 Marketing Strategy**

The Dollar Store will benchmark our objectives for sales promotion and mass selling.

We are focusing our marketing effort on the community of consumers that want a store which has an interesting variety of merchandise at bar gin prices. We will implement a strategy that treats these customers as a community. This means our marketing resources will be centered around both sales promotions (events, displays) and personal sales (customer service, friendly atmosphere).

- We will stay within our marketing budget.
- Marketing promotions will be consistent with the Mission Statement.

### **5.3 Sales Strategy**

Employees are paid a straight wage but can achieve a semi-yearly bonus based on profits and customer satisfaction rates.

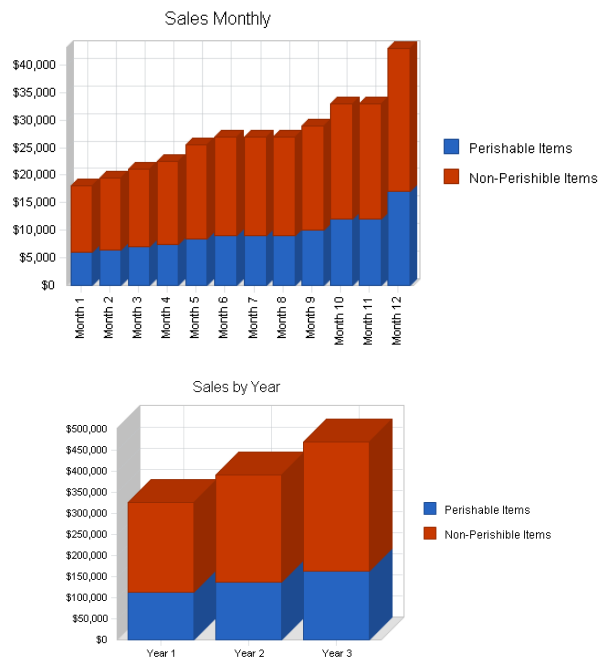
All potential sales will be attended to in a timely fashion and long-term salesperson-customer relationships will take precedence over sales closure.

### 5.3.1 Sales Forecast

The following table and chart give a run-down on forecasted sales. We expect sales to increase at a rate of 10% by April. We would like to see another increase of 10% by August.

We expect to experience a steady growth throughout our first year even though we are a new business enterprise. As we become more familiar to the public we expect to gain more market share and would like to see progressive growth as we head into the following year. The Dollar Store, with an aggressive marketing approach expects to increase its share of the market by offering a unique option to discount shopping.

Note: For company purchases, the per-unit price of inventory purchases includes cost of shipping.



SALES FORECAST			
	YEAR 1	YEAR 2	YEAR 3
Sales			
Perishable Items	\$113,500	\$136,200	\$163,440
Non-Perishable Items	\$212,000	\$254,400	\$305,280
<b>TOTAL SALES</b>	<b>\$325,500</b>	<b>\$390,600</b>	<b>\$468,720</b>
Direct Cost of Sales			
	Year 1	Year 2	Year 3
Perishable Items	\$56,750	\$68,100	\$81,720
Non-Perishable Items	\$106,000	\$127,200	\$152,640
Subtotal Direct Cost of Sales	\$162,750	\$195,300	\$234,360

## 5.4 Milestones

The milestone table shows how the responsibilities break down in the start up of our store. Ted Brinkman will head up the drafting of the business plan and will conduct the drive to secure funding. Jim Spencer will work to secure a site for the store and will handle the details with the personnel plan. Our accountant Dick Garret will set up our accounting plan.



MILESTONES					
Milestone	Start Date	End Date	Budget	Manager	Department
Business Plan	1/1/2003	2/3/2003	\$1,000	Brinkman	Owner
Secure Start Up Funding	2/17/2003	4/3/2003	\$500	Brinkman	Owner
Site Selection	3/1/2003	4/22/2003	\$1,500	Spencer	Management
Personal Plan	6/4/2003	6/21/2003	\$500	Spencer	Management
Accounting Plan	7/8/2003	7/19/2003	\$1,000	Tollman	Accounting
Totals			\$4,500		

## Management Summary

The owners of the Dollar Store believe very strongly that relationships should be forthright, work should be structured with enough room for creativity, and pay should be fair and equitable in relation to what the industry is paying. With the right people in place the Dollar Store will have the incentives to encourage quality people to stay.

Ted Brinkman and Jim Spencer worked together as managers of a group of large regional retail operations (name omitted) before starting the Dollar Store. Over the past 10 years, under their direction, the organization became the largest and most well-known in their area. The owners of the company were looking to sell the company to a national organization and it was at that point that Jim and Ted decided to branch out on their own. Both bring extensive retail marketing and finance knowledge to the company. They have the knowledge, experience and contacts to make the company a success.

### 6.1 Personnel Plan

The personnel plan is included in the following table. It shows the owner's salary in which Mr. Brinkman only wants a small draw at the initial start of the store. There will be four full-time employees and four part-time employees. Mr Spencer will act as the full-time manager to oversee many of the day-to-day



functions of the store. Store employees will start at an hourly rate and raises will come after the stores first year of operation. The manager will start at a monthly salary. Salaries and hourly rates are shown in the table below. Full-time employees will qualify for full benefits.

	YEAR 1	YEAR 2	YEAR 3
Owner	\$24,000	\$28,000	\$30,000
Owner/Manager	\$30,000	\$31,500	\$33,000
Full Time	\$16,800	\$17,000	\$18,500
Full Time	\$16,800	\$17,000	\$18,500
Full Time	\$16,800	\$17,000	\$18,500
Full Time	\$16,800	\$17,000	\$18,500
Part Time	\$6,000	\$5,900	\$6,300
Part Time	\$6,000	\$5,900	\$6,300
Part Time	\$6,000	\$5,900	\$6,300
Part Time	\$6,000	\$5,900	\$6,300
<b>TOTAL PEOPLE</b>	<b>10</b>	<b>10</b>	<b>10</b>
Total Payroll	\$145,200	\$151,100	\$162,200